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## CONTEMPORARY MARKET OF SHEET GLASS

**Zh. V. Martynova[1] and O. V. Perfil'eva[1]**

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An analysis of import and export flows of sheet glass in Russia in 2003 has been performed. The main exporter countries are identified, the prospects of the market are determined.

Approximately 2 million tons of sheet glass per year is currently consumed in Russia; nearly 70% of initial sheet glass is sent for further treatment, such as deposition of coating, hardening, making laminated glass, etc.

According to expert opinions, the current situation on the market of high-quality sheet glass is rather contradictory.

Most countries have their own standards for sheet glass. Despite the unified classification introduced in the USSR, glass produced by different Russian, Byelorussian, and Ukrainian producers, even in the case of identical factory grading, has significant differences in physical and optical properties and in quality. According to GOST 111–90 "Sheet glass. Technical conditions," there are eight grades of sheet glass (M1 – M8), of which M1 has the highest quality.

However, not all float-glass produced in Russia corresponds to grade M1; part of product has lower grades. Formally the capacities of the Russian factories surpass the needs of the internal market. In practice, this surplus only exists for companies producing glass with relatively low characteristics. There is a shortage of high-quality glass (M1 – M3). Its main producers in Russia are Salavatsteklo in the Ural Region and the Borskii and Saratovskii Works in the center of the country.

According to the custom statistics, the export of sheet glass in 2003 in monetary value amounted to 33.7 million USD, or 18.2 million $m^2$. Simultaneously with growing physical volumes (more than by 12% in 2003 compared with the same parameter in 2002), the average contract prices decreased by 18% (Fig. 1).

The structure of the domestic export significantly changed in 2003. Apart from the fact that Turkey traditionally remains the main consumer country (21%), the interest of Ukraine in Russian glass has grown significantly (by 8% compared with the same parameters in 2002). At the same time, Egypt, which used to be a consumer country, has left this market altogether (Fig. 2).

The Saratovstroisteklo, Borskii Glass Works, and Salavatsteklo remain the leading Russian exporters (Fig. 3). These companies use state-of-the-art float-technology for glass production. The rest of the domestic producers use the outdated technology of vertical drawing of glass. The factories producing float-glass are operating at full capacity, whereas half of the factories producing glass by vertical drawing have closed.

[1] VladVneshServis Company, Vladimir, Russia.

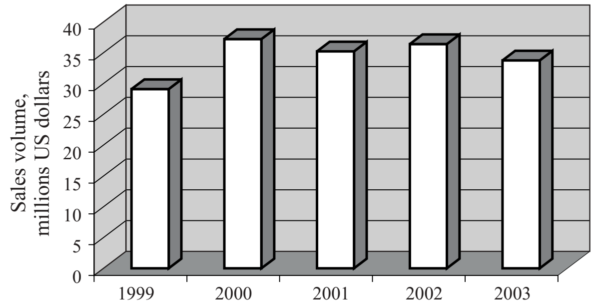


**Fig. 1.** Dynamics of changes in the Russian export of sheet glass.

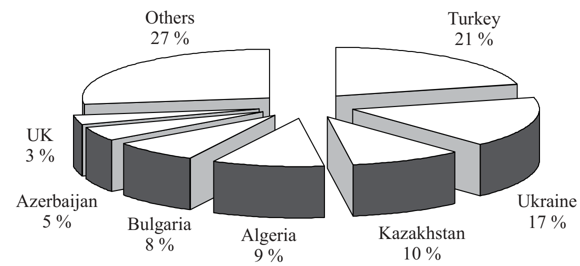


**Fig. 2.** Countries consuming exported sheet glass in 2003.

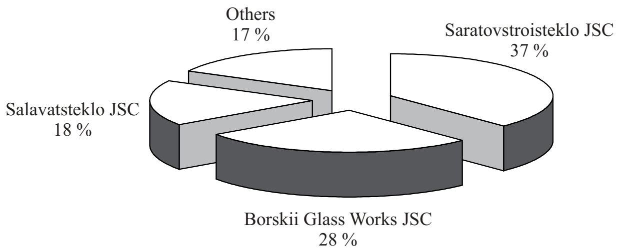


**Fig. 3.** Leading companies exporting sheet glass in 2003.

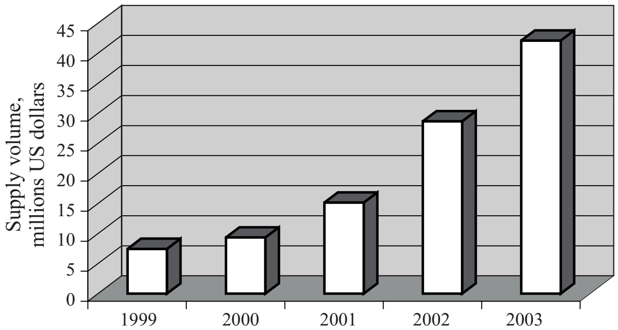


**Fig. 4.** Dynamics of changes in Russian import of sheet glass.

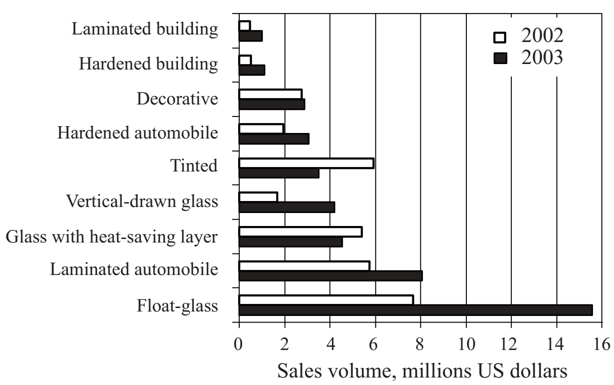


**Fig. 5.** Dynamics of changes in the main product groups of imported glass.

The analysis of imported products merits a special attention.

The supply of sheet glass in 2003 amounted to 13.4 million m$^2$ for a sum exceeding 42.1 million USD. In the past year the import of sheet glass has sharply grown (by more than 46% in value and by 53% in physical volume compared with 2002) (Fig. 4).

The dynamics of changes in the main product groups of glass imported into Russia (without taking into account glass

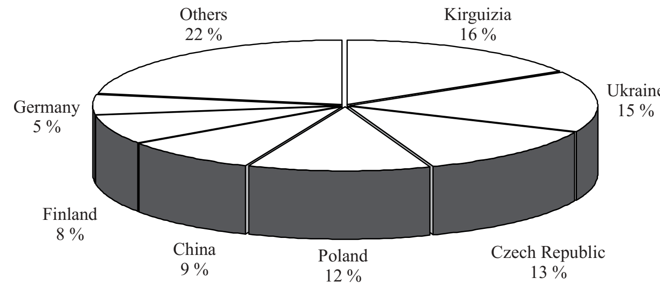


**Fig. 6.** Countries producing imported sheet glass in 2003.

from Ukraine and Belarus) is shown in Fig. 5. Compared to 2002, the deliveries of float glass have nearly doubled. The volume of imported laminated automobile glass has grown substantially (by 41% in value). In other products groups no significant changes have need observed.

This substantial growth of imported glass (especially float-glass) can be explained by the increasing shortage of high-quality glass M1. Unfortunately, the capacity of the Borskii Glass Works supplying the domestic market with this grade of glass is insufficient. The main deliveries (traded in US dollars) of imported glass were from manufacturers from Kirguizia (16%) and Ukraine (15%) (Fig. 6). In 2003 over 600 Russian companies have imported sheet glass, which is actually 5% more than in 2002.

Let us consider especially the trade of Russia with Ukraine and Belarus.

In 2003 the export of clear sheet glass of group TN VÉD 7005 (custom classifier) from Belarus amounted to over 20 million USD, or more than 7 million m$^2$. Belarus continues to play a significant role on the world market of sheet glass despite its low product quality, and for Ukraine the Russian market remains quite attractive due to the high solvency of Russian companies.

Thus, considering that glass produced by leading world manufacturers visibly exceeds the quality of domestic glass, its import into Russia relates mainly to high-quality sheet glass M1, which is lacking in Russia.

We believe that the progress of this industrial sector depends on expanding the production of float-glass. Substantial capital investments are needed to construct a float-line. The investment needed to upgrade a medium-size factory to the new technology, according to different estimates, range from several tens of millions to one hundred and fifty million dollars. The funds for such investments can be raised only by large companies.